



CENTER *for* CIVIL JUSTICE

Fighting Poverty Through Advocacy.

Testimony on HB 4714 to the House Committee on Michigan Competitiveness

May 21, 2013

Chairman Shirkey and members of the committee, my name is Jackie Doig. I am the Director of Advocacy for the Center for Civil Justice (CCJ), a non-profit law firm with offices in Saginaw and Flint. We represent low-income clients in mid-Michigan and the Thumb, including Gratiot, Isabella, Midland, and St. Clair Counties.

CCJ works closely with private, non-profit human services providers throughout our service area, including the myriad of agencies, organizations, and clinics that attempt to fill the gaps when low-income individuals are uninsured or cannot access necessary medical care. We provide direct advocacy for low-income clients in Genesee County who need help accessing governmental health programs, through a local grant.

For over 30 years, I have worked to improve access to healthcare for people with serious health issues who cannot afford to purchase private insurance. Many of my clients have either been stymied by the complexity of the current Medicaid eligibility criteria and bureaucracy, or simply do not meet the current, restrictive eligibility criteria.

Hardworking families need the security of knowing that they will not face huge medical bills and financial ruin if they become sick.

Medicaid expansion is essential to reaching that goal and we are pleased that the Committee is considering this topic.

We also are pleased that the legislature is considering data collection and reporting requirements that would assist in evaluation of Medicaid expansion.

I think we can all agree that efforts to improve health habits and healthy living choices among Michigan residents are crucial to reducing health care costs across the spectrum. To achieve that end, we must have an accessible, affordable healthcare system that provides the supports and services that will make it feasible for Michigan's citizens to be responsible healthcare consumers.

The Michigan Medicaid program has a proven track record of using tax dollars efficiently and effectively. Michigan should not turn away -- or create unnecessary barriers to receiving -- the federal dollars available to expand the Medicaid program to cover people with very low income who currently are uninsured in Michigan. Nor should we disinvest in healthcare for those who are covered under current Medicaid eligibility rules.

The Legislation Should Be Clear that ALL Adults in the Expansion Income Range will Be Covered

As currently drafted, the bill does not include adults age 19-20, and is ambiguous at best regarding coverage of people with disabilities. Failure to cover everyone will preclude federal approval and 100% funding for expansion. We encourage you to clarify that these groups will be covered, and to take steps to ensure that any waiver request has a realistic chance of being approved by CMS and will not prevent anyone in the expansion population from being covered.

People with disabilities with income just above poverty, who currently face deductibles or “spenddowns” of \$500 or more per month, and who cannot qualify for Medicare during the first two years that they receive Social Security disability payments, as well as the non-disabled adults who are the focus of the bill as currently written, will continue to suffer if the bill is not amended to clearly provide coverage for all adults with income below 138% of the federal poverty level.

Putting Time Limits on Medicaid Eligibility Undermines Efforts to Reduce the Number of Uninsured People in Michigan

We oppose time limits on Medicaid eligibility because it will undermine the purpose of the expansion, which is to ensure that uninsured individuals have coverage. We believe **the 48 month time limit would be an insurmountable obstacle to federal approval of an expansion in Michigan. Furthermore, even if approved, the time limits inevitably would result in poorer health, decreased productivity and competitiveness, and increased administrative expenses and bureaucracy.**

Medicaid expansion primarily benefits “working poor” families. 60% of those who would be covered live in working households. Most of the folks who will be covered are taking responsibility to find and keep work. However, only 1 out of 5 workers in the income range covered by the expansion have access to affordable insurance through their job.ⁱ

Medicaid expansion also would cover people in groups that typically experience greater than average difficulty in finding work, including unemployed or underemployed veterans and unemployed, older workers. In Michigan, the expansion would cover about 36,000 uninsured veterans and their family members,ⁱⁱ and an estimated 63,000 people ages 55-64.ⁱⁱⁱ

It appears the idea of a 48 month time limit is based on the expectation that individuals can and should take responsibility for either moving into higher paying jobs so that they no longer are financially eligible for Medicaid, or moving into low wage jobs that do provide affordable health coverage. In fact, however, it is **not realistic to assume that all or most people will be able to work their way into employment with affordable health insurance.**

I have attached a chart that shows the income limits and the hourly wage they represent for a full time worker. The median hourly wage in Michigan is \$16.52 an hour, which is significantly above minimum wage, but would still place a family of 4 below the Medicaid expansion category income limit.^{iv}

Work without employer sponsored health insurance benefits is not necessarily “transitional” employment while the employee works his or her way up. Nearly half of Michigan’s private sector employers (48%) – and nearly 2/3 of our small businesses (63%) –do not offer health insurance of any kind to their employees, and 75% of the people in Michigan who are uninsured at all income levels are in working households.^v Only about 8% of people with employer sponsored insurance in Michigan (362,000 people) are in households with income that would qualify them for coverage under the Medicaid expansion category.^{vi}

Furthermore, some workers have barriers such as learning disabilities, cognitive deficits, educational deficits, or chronic health problems that limit them to low wage or unskilled work that does not offer health benefits. Many of the people who would be covered by a Medicaid expansion are in poor health or have undiagnosed or untreated, chronic conditions because they have been uninsured and living in poverty. **Access to treatment for chronic conditions will increase their employability and productivity – at least until they reach the 48 month limit -- but it may not completely restore their ability to function in a competitive work environment.** Even when medical treatment is available, some health conditions are permanent disabilities that make it difficult to move up a job “ladder” into employment that offers health insurance or significantly higher wages. Many individuals have significant disabilities that may prevent fulltime or skilled work, but are not currently “disabled” according to the Social Security or Medicaid eligibility.

Imposing time limits on the non-disabled population will create an incentive for younger, healthier people to forego applying for Medicaid until they become sick, thus foregoing preventive care and undermining the purpose of the expansion. It will place older, less healthy people with serious health problems in the position of having to prove they are completely disabled and unable to do any kind of work in order to keep Medicaid. This is a cumbersome, time consuming, paper-intensive process that wastes enormous amounts of medical provider and state agency resources as medical reports are gathered and analyzed.

Finally, it is important to keep in mind that individuals currently cycle on and off Medicaid and they would continue to do so under and expansion. A 48 month limit could easily be “used up” during economic downturns or periods of unemployment during the course of an adult lifetime.

Cost Sharing Must Be Affordable and Should Not Increase Administrative Complexity and Cost

Imposing unrealistic and unaffordable cost sharing requirements will prevent the access to timely, preventive care in the most cost effective setting. It also is likely to undermine any effort to obtain a federal waiver. Accordingly, we are pleased to see that the bill would give the Department the flexibility to determine affordability. We encourage the legislature and the Department to include low income people and their advocates in discussions regarding the design of any accounts, co-payments, premiums, and the like.

It also is important to note that imposing cost sharing requirements will increase the administrative complexity and costs for providers, health plans, recipients, and the state alike.

Expansion Supports Other State Priorities

Good health and access to health care is the foundation upon which a successful, competitive Michigan can be built.

Healthcare is foundational to success in workforce education and training. Displaced homemakers and other older workers who have seen their jobs or their industries disappear from Michigan cannot successfully pursue retraining and education without access to health care. High school graduates who need additional training or education to be fully self-supporting need to be covered when they “age out” of the current Medicaid program at age 19.

It also supports and stabilizes families. Michigan has been extraordinarily successful in enrolling children into Medicaid and MIChild, thus ensuring access to checkups, preventive care, and treatment for chronic diseases like asthma. But according to child advocates, when parents are in poor health, it takes a toll on children. Indeed, Head Start staff report that **lack of access to health care results in costly foster care placements that could have been avoided if lowincome parents had access to the health care they needed.**

Our future workforce needs – and deserves – parents who are able to support them physically, emotionally, and financially. That will not happen without access to affordable healthcare.

Examples of the Impact Medicaid Expansion Would Have

After more than 30 years of working for low income people, I have represented thousands of clients facing incredible hardship. I would like to share just three examples with you.

Mrs. C’s youngest child had just graduated from high school. Mrs. C had organ failure but could not get onto the transplant list because her income was a little too high to qualify for Medicaid and she could not afford the testing that needed to be done in order for her to qualify for a transplant. Her husband worked long hours at a low wage job. She died before she could qualify for a transplant.

Mrs. Y was a working mom near collapse from exhaustion. While she worked full time to try to keep her family afloat, she also lived in fear that her husband’s chemotherapy treatment would not be successful. At the same time, she struggled with the anxiety and depression caused by the fact that her family was being financially ruined by the costs of her husband’s cancer treatment that they could not afford to pay.

Mr. L was a middle-aged man, struggling to make ends meet when he lost his job and could not find another, who watched his wife nearly die from blood loss before she could access surgery for complications of her colitis, and then faced bankruptcy because of the medical bills.

These are the stories of real people. All of these people could be helped if we accept the federal dollars to expand Medicaid.

Accessing the Federal Dollars to Expand Healthcare Makes Good Economic Sense

Accepting the federal dollars will prevent the gap in coverage that would otherwise be created for low income families and individuals whose incomes are too high for them to qualify for Medicaid under our extraordinarily low income limits (less than 50% of the federal poverty level), but are too low to qualify for federal subsidies to purchase private health insurance through the Exchange, which will not be available to people with income below 100% of the federal poverty level.

Accepting the federal money will allow Michigan to ensure health care dollars are spent more wisely, avoiding costly an unnecessary emergency room use, and assuring access to preventive care and treatment for chronic conditions before they reach crisis proportions and require hospital- based care or result in long term disability. Right now, we end up paying for only the most expensive care for low income, uninsured people in Michigan.

Expanding coverage for low-income adults supports the priorities of improving education and expanding employment. On an individual basis, you simply cannot be a good worker and keep a job, or succeed in pursuing education or training, without being healthy.

On a broader scale, accepting the federal dollars to expand health coverage will support our economy by bringing federal dollars into the state, which will support our health care systems, expand employment opportunities for health care workers, and generate economic activity as the dollars are spent in local businesses.

Thank you again for the opportunity to testify. I would be glad to answer any questions you may have.

ⁱ Center on Budget And Policy Priorities, "If Low Income Adults are to Gain Health Coverage, States Must Expand Medicaid" (March 13, 2013). <http://www.cbpp.org/files/Fact-Sheet-Medicaid-Expansion-and-Able-Bodied-Adults.pdf>.

ⁱⁱ Urban Institute, "Uninsured Veterans and Family Members: State and National Estimates of Expanded Medicaid Eligibility Under the ACA" (March 25, 2013) <http://www.urban.org/uploadedpdf/412775-Uninsured-Veterans-and-Family-Members.pdf>.

ⁱⁱⁱ Urban Institute, "Opting in to the Medicaid Expansion under the ACA: Who Are the Uninsured Adults Who Could Gain Health Insurance Coverage?" (August 2012) <http://www.urban.org/UploadedPDF/412630-opting-in-medicaid.pdf>.

^{iv} U.S. Department of Labor Bureau of Labor Statistics, "May 2012 State Occupational Employment and Wage Estimates Michigan" http://www.bls.gov/oes/current/oes_mi.htm#00-0000.

^v Kaiser Family Foundation, State Health Facts, <http://kff.org/statedata/?state=MI>.

^{vi} Kaiser Family Foundation, State Health Facts, <http://kff.org/statedata/?state=MI>.

100% of Federal Poverty Level				138% of Federal Poverty Level		
	Annual			Annual		
Family Size	Annual Income	5% of annual income	Income Equals Work at Hourly Wage of	Annual Income	5% of annual income	Income Equals Work at Hourly Wage of
1	\$ 11,490	\$ 575	\$ 7.40 x 32 hours a week; \$ 6.00 full time	\$ 15,856	\$ 793	\$ 8.25 full time
2	\$ 15,510	\$ 776	\$ 8.00 full time	\$ 21,404	\$1,070	\$ 11.15 full time
3	\$ 19,530	\$ 977	\$ 10.18 full time	\$ 26,951	\$ 1,348	\$ 14.00 full time
4	\$ 23,550	\$ 1,175	\$ 12.27 full time	\$ 32,499	\$ 1,625	\$ 16.93 full time
5	\$27,570	\$ 1,378	\$ 14.36 full time	\$ 38,947	\$ 1,947	\$ 20.28 full time
6	\$ 31,590	\$ 1,580	\$ 16.45 full time	\$ 43,585	\$ 2,180	\$ 22.70 full time